

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-01045A
Cottonwood Water Works, Inc.
1042 N. Main Street
Cottonwood AZ 86326

RECEIVED

APR 06 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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Dennis, Schmich & Co., Ltd.

Certified Public Accountants

Member of the AICPA Private Companies Practice Section

Telephone (602) 265-5900

3839 North Third Street Suite 305

Phoenix, Arizona 85012

Board of Directors
Cottonwood Water Works, Inc.
Cottonwood, Arizona

We have compiled the balance sheets and statements of income and expense of Cottonwood Water Works, Inc. as of December 31, 2004 and 2003, and for the years then ended included in the accompanying prescribed form of Arizona Corporation Commission Utilities Division Annual Report of Cottonwood Water Works, Inc. in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information on pages 3 through 6 and pages 16 through 18.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission Utilities Division, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and supplemental information are presented in accordance with the requirements of the Arizona Corporation Commission Utilities Division, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The supplementary information on pages 10 through 15 contained in the accompanying prescribed form has not been audited, reviewed or compiled by us and, accordingly, we assume no responsibility for that information.

March 18, 2005

Dennis, Schmich & Co., Ltd.

COMPANY INFORMATION

Company Name (Business Name) Cottonwood Water Works, Inc.

Mailing Address 1042 Main Street

(Street)

Cottonwood

(City)

Arizona

(State)

86326

(Zip)

(928) 634-5559

Telephone No. (Include Area Code)

(928) 634-5962

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address cww@sedona.net

Local Office Mailing Address same as above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Charles D. Garrison

(Name)

President

(Title)

1042 N. Main Street

(Street)

Cottonwood

(City)

Arizona

(State)

86326

(Zip)

(928) 634-5559

Telephone No. (Include Area Code)

(928) 634-5962

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address cww@sedona.net

On Site Manager: same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

See accountant's compilation report.

Statutory Agent: Charles D. Garrison
(Name)
1042 N. Main Street Scottsdale Arizona 86326
(Street) (City) (State) (Zip)
(928) 634-5559 (928) 634-5962
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Richard L. Sallquist
(Name)
2525 E. Arizona Biltmore Circle, Ste. 117 Phoenix, AZ 85016
(Street) (City) (State) (Zip)
(602) 224-9222 (602) 224-9366
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME	COTTONWOOD WATER WORKS, INC.
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UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$ 3,343	\$ 805	\$ 2,538
302	Franchises	5,077		5,077
303	Land and Land Rights	92,327		92,327
304	Structures and Improvements	136,618	111,090	25,528
307	Wells and Springs	560,227	95,905	464,322
311	Pumping Equipment	420,727	131,499	289,228
320	Water Treatment Equipment	17,189	9,410	7,779
330	Distribution Reservoirs and Standpipes	785,320	200,605	584,715
331	Transmission and Distribution Mains	5,222,712	1,643,266	3,579,446
333	Services	465,955	167,032	298,923
334	Meters and Meter Installations	812,597	402,697	409,900
335	Hydrants	488,639	98,565	390,074
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	67,658	66,452	1,206
341	Transportation Equipment	114,976	69,464	45,512
343	Tools, Shop and Garage Equipment	45,181	43,487	1,694
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	12,820	10,753	2,067
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	\$ 9,251,366	\$ 3,051,030	\$ 6,200,336

This amount goes on the Balance Sheet Acct. No. 108

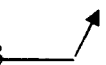


See accountants compilation report.

COMPANY NAME	COTTONWOOD WATER WORKS, INC.
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CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	\$ 3,343	20.0%	\$ -
302	Franchises	5,077		
303	Land and Land Rights	92,327		
304	Structures and Improvements	136,618	4.0%	4,825
307	Wells and Springs	560,227	3.1%	13,806
311	Pumping Equipment	420,727	2.4%	12,770
320	Water Treatment Equipment	17,189	5.0%	611
330	Distribution Reservoirs and Standpipes	785,320	4.0%	15,051
331	Transmission and Distribution Mains	5,222,712	2.8%	135,575
333	Services	465,955	3.3%	14,913
334	Meters and Meter Installations	812,597	3.4%	23,947
335	Hydrants	488,639	4.0%	8,855
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	67,658	14.0%	1,443
341	Transportation Equipment	114,976	20.0%	5,711
343	Tools, Shop and Garage Equipment	45,181	7.7%	548
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	12,820	7.7%	329
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	Less amortization of CIAC			(29,026)
	TOTALS	\$ 9,251,366		\$ 209,358

This amount goes on Comparative Statement of Income and Expense Acct. No. 403 

*Depreciation expense % calculated on an average of allowable rates for asset category

See accountant's compilation report.

COMPANY NAME	COTTONWOOD WATER WORKS, INC.
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BALANCE SHEET

ACCT. NO.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 84,080	\$ 37,426
134	Working Funds		
135	Temporary Cash Investments	521,730	355,697
141	Customer Accounts Receivable	132,388	107,457
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	12,768	14,870
174	Miscellaneous Current and Accrued Assets	21,081	30,081
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 772,047	\$ 545,531
	FIXED ASSETS		
101	Utility Plant in Service	8,698,495	\$ 9,251,366
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(2,835,676)	(3,051,030)
121	Non-Utility Property	23,334	23,334
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 5,886,153	\$ 6,223,670
	TOTAL ASSETS	\$ 6,658,200	\$ 6,769,201

Note: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME	COTTONWOOD WATER WORKS, INC.
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BALANCE SHEET (CONTINUED)

ACCT. NO.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 46,610	\$ 31,843
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	69,398	79,274
236	Accrued Taxes	27,215	33,686
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	85,724	94,225
	TOTAL CURRENT LIABILITIES	\$ 228,947	\$ 239,028
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	3,042,791	3,037,429
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	937,407	1,015,919
272	Less: Amortization of Contributions	(193,260)	(222,286)
281	Accumulated Deferred Income Tax	265,000	288,000
	TOTAL DEFERRED CREDITS	\$ 4,051,938	\$ 4,119,062
	TOTAL LIABILITIES	\$ 4,280,885	\$ 4,358,090
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 269,100	\$ 269,100
211	Paid in Capital in Excess of Par Value	77,000	77,000
215	Retained Earnings	2,031,215	2,065,011
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 2,377,315	\$ 2,411,111
	TOTAL LIABILITIES AND CAPITAL	\$ 6,658,200	\$ 6,769,201

See accountant's compilation report.

COMPANY NAME	COTTONWOOD WATER WORKS, INC.
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,190,907	\$ 1,224,121
460	Unmetered Water Revenue		
474	Other Water Revenues	52,890	47,382
	TOTAL REVENUES	\$ 1,243,797	\$ 1,271,503
	OPERATING EXPENSES		
601	Salaries and Wages	433,323	416,035
610	Purchased Water	-	-
615	Purchased Power	174,206	179,384
618	Chemicals	7,717	6,578
620	Repairs and Maintenance	54,381	50,290
621	Office Supplies and Expense	53,836	48,038
630	Outside Services	30,762	23,701
635	Water Testing	12,406	14,294
641	Rents		
650	Transportation Expenses	22,135	21,452
657	Insurance – General Liability	18,759	18,165
659	Insurance - Health and Life	79,902	79,333
666	Regulatory Commission Expense – Rate Case	-	-
675	Miscellaneous Expense	4,508	4,238
403	Depreciation Expense	207,590	209,358
408	Taxes Other Than Income	2,717	2,772
408.11	Property Taxes	48,612	54,064
409	Income Tax	11,563	41,934
	TOTAL OPERATING EXPENSES	1,162,417	1,169,636
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	3,891	3,966
421	Non-Utility Income	(18,181)	(27,501)
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3,886)	(4,193)
	TOTAL OTHER INCOME/EXP	(18,176)	(27,728)
	NET INCOME/(LOSS)	\$ 63,204	\$ 74,139

See accountant's compilation report.

COMPANY NAME**Cottonwood Water Works, Inc.****SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 14,005

Meter Deposits Refunded During the Test Year

\$ 1,565

See accountant's compilation report.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-580166	20	200	505	12	3	2000
55-609080	15	150	Unknown	7	3	1920
55-609079	20	180	Unknown	7	3	1920
55-609078	75	260	835	12 & 18	4	1930
55-550414	175	950	800	12 & 16	6	1997
55-609076	5	50	Unknown	5	2	1920

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Haskell Spring (Intermittent)	Various	None
flowed last time in 1994		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	5	412	65
25	2		
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	5,000	2
300,000	1	8,000	2
500,000	1	10,000	1
550,000	1		

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-609075	60	240	160	10	3	1972
55-609074	30	180	505	10	3	1972
55-530748	60	320	900	12	6	1991
55-609073	3	10	135	10	6	1961
55-503444	50	370	160	14	6	1982
55-609072	60	150	925	8	4	1957

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1		
1,000,000	1		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	↓	↓	5/8 X ¾	4,596
3			3/4	
4	↓	↓	1	158
5	Various	140,115	1 1/2	55
6	↓	↓	2	76
8			Comp. 3	
10	↓	↓	Turbo 3	
12	Various	290,418	Comp. 4	2
			Tubo 4	
			Comp. 6	1
			Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME:

Cottonwood Water Works, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	4,607	42,078,000	
FEBRUARY	4,607	34,403,000	
MARCH	4,635	45,748,000	
APRIL	4,651	52,462,000	
MAY	4,644	59,636,000	
JUNE	4,671	75,797,000	
JULY	4,676	71,544,000	
AUGUST	4,678	65,853,000	
SEPTEMBER	4,702	63,628,000	
OCTOBER	4,720	55,024,000	
NOVEMBER	4,716	40,929,000	
DECEMBER	4,720	38,819,000	
TOTAL		N/A	728,794,000

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes

☒ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes

☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. .002 - .030 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME COTTONWOOD WATER WORKS, INC. YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$51,339.94

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COTTONWOOD WATER WORKS, INC. 1042 N. MAIN COTTONWOOD, AZ 86326 (928) 634-5559		906-60-360 906-60-381 906-60-630 906-60-660	406-29-002A 406-29-002B 406-29-002D	41630 91-504/1221
PAY TO THE ORDER OF <u>ROSS D. JACOBS, YAVAPAI COUNTY TREASURER</u>		DATE <u>4/27/04</u>		
<u>TWENTY FOUR THOUSAND THREE HUNDRED FIVE + ⁸⁷/₁₀₀</u>		\$ <u>24,305.87</u>		
STOCKMEN'S 704 LAMM STREET COTTONWOOD, AZ 86326		FOR <u>Charles D. Harmon</u>		
MICR: ⑈041630⑈ ⑆122105045⑆ 1701000083⑈ ⑈0002430587⑈				

Ck# 41630 Date 05/04/04 Amt \$24,305.87✓

2004 1 1/2	COTTONWOOD WATER WORKS, INC. 1042 N. MAIN COTTONWOOD, AZ 86326 (928) 634-5559		906-60-360 906-60-381 906-60-630 906-60-660 406-29-002A	406-29-002B ✓ 406-29-002D ✓ 406-29-271A ✓ 406-06-002 ✓	42410 91-504/1221
PAY TO THE ORDER OF <u>ROSS D. JACOBS, YAV. COUNTY TREASURER</u>		DATE <u>10/31/04</u>		\$ <u>27,034.07</u>	
<u>TWENTY SEVEN THOUSAND THIRTY FOUR + ⁰⁷/₁₀₀</u>		DOLLARS		B# 1173679	
STOCKMEN'S 704 LAMM STREET COTTONWOOD, AZ 86326		FOR <u>Charles D. Harmon</u>		MICR: ⑈042410⑈ ⑆122105045⑆ 1701000083⑈ ⑈0002703407⑈	

Ck# 42410 Date 11/03/04 Amt \$27,034.07✓

COMPANY NAME COTTONWOOD WATER WORKS, INC. YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$(34,576)</u>
Estimated or Actual Federal Tax Liability	<u>-0-</u>
State Taxable Income Reported	<u>\$136,611</u>
Estimated or Actual State Tax Liability	<u>\$ 9,519</u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Charles D. Garrison

SIGNATURE

4/5/05

DATE

CHARLES D. GARRISON

PRINTED NAME

PRESIDENT

TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

APR 06 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Yavapai
NAME (OWNER OR OFFICIAL) TITLE
Charles D. Garrison, President
COMPANY NAME
Cottonwood Water Works, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 1,381,803

(THE AMOUNT IN BOX ABOVE
INCLUDES \$103,634
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Charles D. Garrison
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

5th

DAY OF

Notary Public State of Arizona

Yavapai County

Martha A. Grimes

MY COMMISSION EXPIRES January 25, 2006

COUNTY NAME	<u>Yavapai</u>
MONTH	<u>April</u>
	<u>2005</u>

Martha A. Grimes
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 06 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY NAME		Yavapai
NAME (OWNER OR OFFICIAL)	Charles D. Garrison	TITLE President
COMPANY NAME Cottonwood Water Works, Inc.		

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$1,236,676

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$93,063
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

5th

DAY OF

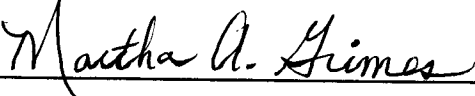
(SEAL)



Notary Public State of Arizona
Yavapai County
Martha A. Grimes
Expires January 25, 2006

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME		Martha A. Grimes
COUNTY NAME		Yavapai
MONTH	April	2005

X 
SIGNATURE OF NOTARY PUBLIC

DOCKET NO.:

Year ending:

12/31/04

COMPANY NAME:

COTTONWOOD WATER WORKS, INC.

BALANCE SHEET

ASSETS

Property, Plant & Equipment	\$ 6,223,670
Current Assets	<u>545,531</u>
Total Assets	<u>\$ 6,769,201</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$ 239,028
Deferred credits	4,119,062
Stockholders' equity	<u>2,411,111</u>
Total Liabilities and Stockholders' Equity	<u>\$ 6,769,201</u>

DOCKET NO.: _____ **Year ending:** 12/31/04

COMPANY NAME: **COTTONWOOD WATER WORKS, INC.**

STATEMENT OF INCOME AND EXPENSES

Revenues	\$ 1,271,503
Operating expenses	<u>1,169,636</u>
Operating income	101,867
Other income and deductions	(23,535)
Interest	<u>(4,193)</u>
Net income	<u><u>\$ 74,139</u></u>